

A Work Project, presented as part of the requirements for the Award of a Master Degree in
Management from the NOVA – School of Business and Economics.

Customer Analysis in the Portuguese Toy Market

A Customer Relationship Management Project for *Science4you*

*Report: B – Strategic Analysis and Recommendations on CRM for the Adult Knows It All
Segment*

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A Project carried out on the Master in Management Program, under the supervision of:

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4.2. B - Strategic Analysis and Recommendations on CRM for the *Adult Knows it All* Segment

4.2.1 Practical Recognition of the Segment *Adult Knows it All*

The behavior of the *Adult knows it all* segment regarding toy's purchase is not dependent of the channel under analysis. In fact, these individuals can be identified by their high level of independence, both in-store and in online channels.

In physical stores, these adults can be identified by their high level of interest in toy's details. When entering the store, they will be familiarized with the brand, however, possibly lacking some knowledge about the products, once they most value the in-store environment as a way to get to know new toys and features. In that sense, they will most likely spend some time there, analyzing new trends of the market and specific characteristics that may facilitate the development of children's competences. Moreover, some toys will call their attention, making them pick up some boxes and check specific details as components or "how to use" instructions. Finally, although it is very unlikely that they request for advice on choosing the toy, once they believe to have the right skills to evaluate and decide which to purchase, they will appreciate highly trained staff that is able to understand the product and explain its major advantages for children's development.

In online platforms, these adults will reach the website without any intermediary step, such as display or social ads. In that sense, their lead can have two origins. On one hand, a traditional and organic search on Google for the brand *Science4you*, which implies that the adult already knows the brand, although may need more information. On the other hand, a search ad, on occasions that the adult does not know, or do not recall the brand, but is searching for a certain feature or characteristics that *Science4you* toys offer, for example, "educative toys". Moreover, it is very unlikely that this segment completes the purchase through the online channel, as physical stores still play a major role in toy's purchase. Nevertheless, they will spend some

time on the website, understanding the origin of the brand and their relative advantages over the competitors. In terms of log in, this segment will not consider it as a constraint, however, they have high expectations and can easily become demotivated if there is no uniqueness in the website.

4.2.2. Consumer Decision Journey Diagnosis for the *Adult Knows it All* Segment

To effectively manage opportunities within this segment purchasing process, the Consumer Decision Journey model developed by McKinsey (Appendix B.1.) was considered. In an initial stage, and due to *Adult knows it all* segment moderate brand awareness towards *Science4you*, this brand will tend not to be placed in the adult's consideration set. This fact creates an important constraint in the consideration stage, and consequently in the reduced physical store visits, their preferable channel to get to know and purchase toys. In that sense, the consideration stage can be considered crucial for the CRM strategy of *Science4you*. In terms of toy's specific characteristics, the *Adult knows it all* segment is mainly interested in educational features and educative toys, which present a good fit with *Science4you* portfolio. In the same reasoning, these adults also value quality and durability, attributes that they tend to associate the brand *Science4you* with. Based on these two reasons, it is expected that the brand is positively valued by the *Adult knows it all* segment in the evaluation stage, which will not require significant CRM efforts of *Science4you*. When analyzing the purchase channel, this segment tends to buy in multi-branded or supermarkets, once there is more variety of products and brands. Nevertheless, since *Science4you* has its own mono-branded specialized stores, the decision of which brand to buy will be taken before leaving home and reflects the need of fostering store visits. Finally, due to the *Adult knows it all* segment ability and willingness to actively search, they will highly value the post-purchase experience and will not hesitate to buy another brand if something does not reach their expectations. In that sense, this stage needs to be taken into consideration in the CRM strategy of the brand.

4.2.3. CRM Strategic Recommendations for *the Adult Knows it all* Segment

As previously mentioned, adults are the central players in the *Adult knows it all* segment. Moreover, as detailed in the *CDJ Diagnosis*, this segment requires higher brand efforts in the Consideration and Post Purchase Experience stages, from a CRM point of view. In that sense, recommendations will be developed for the central figure, adults, and specifically for these two most relevant stages.

To effectively manage the consideration stage of this segment, it is crucial to first increase their awareness towards *Science4you*, and second to boost their involvement with the brand. In that reasoning, the website plays an important role in the first phase, however, due to this segment's preference in getting to know products in the physical store, it is still essential to consider this channel in increasing involvement between the brand and this segment, as the second phase. For that, two main recommendations are suggested and detailed in Table 9.B.

Table 9.B: CRM strategic recommendations for the *Adult knows it all* segment

CRM Strategic Recommendations	Objective and Rationale
A. Physical Store Locator through Lead Tracking	<p>The first objective to effectively manage the consideration stage and reach this segment is to increase brand awareness.</p> <p>According to the main research insights, the <i>Adult knows it all</i> segment is highly interested in searching and getting to know different brands, however not through companies' direct communications. In that sense, these adults will tend to search for specific wording as "educative toys" or "toys in Portugal". For this reason, holding SEO efforts and Pay Per Click investment has major importance in making the website and the brand easily accessible for these adults. Once on the website, the <i>Adult knows it all</i> segment will be interested not only in browsing for brand's information but also to understand the location of physical stores, due to their preference in this purchase channel. In that sense, by tracking leads coming from search ads, it is possible to first display a store locator map for every first visitors. These consumers will have the opportunity to choose an area within a city and check different stores available nearby. At the same time, each store is recommended to have a short presentation, such as the type of store (Kiosk or Brick and Mortar) and the name of the store manager. All these details will positively contribute for the willingness of the consumer to visit the store and increase the brand awareness of <i>Science4you</i>.</p>
B. In-store Recommendation	<p>The second objective to effectively manage the consideration stage of this segment is to increase their involvement with the brand.</p> <p>For the <i>Adult knows it all</i> segment, it will not be enough to know the brand, once they always strive for the most appropriate and interesting brand, being willing to spend time</p>

and Locator software	<p>and resources to search for it. As physical stores play a fundamental role in the way this segment gets to know new products, <i>Science4you</i> needs to ensure a positive and unique experience in this purchase channel. The in-store recommendation and locator software will take the format of a real size scientist, located in the store/Kiosk entrance. The software will be incorporated into a monitor, which will automatically light up when a customer enters the store. As soon as the customer gets closer, which is interpreted as having curiosity in the object, it will voice up an inviting statement. The monitor will then display the first question, regarding the type of relationship with the kid, providing a list from which the customer will choose the most suitable answer. Afterward, some kid's relative questions will be exhibited, such as age, main interests, or the capacities adults want the kid to develop. Considering all the questions, the software will automatically recommend a maximum of six products and assist the customer in the in-store location of the products. The success of the recommendation system will rely on effective data analytics. For this reason, it will be needed to gather and analyze information such as the average expenditure of each degree of parenthood, the average expenditure per child's age, and most purchased toy(s) in a similar scenario (eg. Uncle, kid 6-8 years, entertainment and fun). The in-store recommendation and locator software will allow customers to associate <i>Science4you</i> with this innovation in the toy industry, triggering the need of coming back.</p>
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Source: Authors, based on primary research

Building on top of the aforementioned recommendations, taking advantage of the Membership Club (Appendix B.2.) will foster a positive post-purchase experience and consequently improve the retention of this segment. Due to their intrinsic interest and motivation of being aware of new trends and toys related details, the Membership Club will follow the purpose by providing expert information on kid's development and toy's role in the thematic. The *Adult knows it all* segment demonstrates interest in distinct content that includes brand specificities on fostering kid's capabilities, as well as matching adults' expectations on delivering higher value than competitors. In that sense, this platform will enhance a positive image of *Science4you*, by reinforcing the educational basis of their toys. Finally, for the company it would mean a higher perception of these adults' interests, as most important features or kid's preferable characteristics to develop, allowing for more personalized content as well as accurate investment in new portfolio lines. In that reasoning, the positive post-purchase experience derived from a favorable time on the Membership Club will create sustainable access to the loyalty loop concerning *Adult knows it all* toy's purchase of *Science4you*.

5. References

Court, David, Dave Elzinga, Susan Mulder, and Ole Jørgen Vetvik. 2009. "The Consumer Decision Journey". *McKinsey Quarterly Marketing & Sales Practice*.

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APPENDICES

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Section B: Recommendations' Appendices

B.1. Consumer Decision Journey by McKinsey

From a Consumer Relationship Management point of view, it seemed appropriate to analyze the topic under a model that includes post-purchase stages, and that contemplates the decision process as an ongoing cycle. Therefore, the *Consumer Decision Journey* model developed by McKinsey (CDJ) was considered in order to generate strategic recommendations for *Science4you*. This is a model that accounts for the variety of existing touch-points and key buying factors during the decision-making process, “resulting from the explosion of product choices and digital channels, coupled with the emergence of an increasingly discerning, well-informed consumer” (McKinsey, 2009). The circular journey includes trigger, consideration, evaluation, moment of purchase, and post-purchase phases (as it can be seen in Figure 2 below). Nevertheless, when entering the loyalty loop, consumers shorten or eliminate the Evaluation step making them more willing to purchase the same brand, rather than consider a new one. This process requires companies to adjust current strategies and focus on customized experiences for different target groups, in the specific moments that most influence their decisions (Harvard Business Review, 2015; McKinsey, 2009).

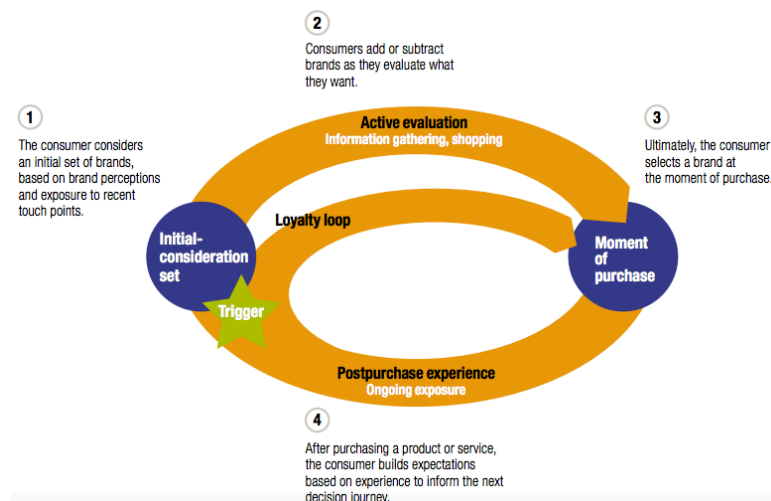
A detailed description of CDJ stages can be found in the following table.

Initial Consideration	<p>The initial-consideration set represents the first stage of the Consumer Decision Journey model by McKinsey, that occurs when the consumer is triggered by the impulse to purchase.</p> <p>In this phase, a set of brands is recalled by being conscious or unconsciously on top of the costumer's minds (high brand awareness). Moreover, these initial set of brands are up to three times more likely to be purchased than the others, due to the positive feelings that individuals nurture towards them (McKinsey, 2009). In fact, it is increasingly important to analyze this first phase of the decision journey, since it is becoming more complex over time, mainly as a result of the wealth of information available and increased ease of accessing it, but also, due to the growing competition in the toy's market.</p>
Active Evaluation	<p>Contrarily to the funnel approach of the decision process, in which the set of considered brands reduces in the evaluation stage, the <i>Consumer Decision Journey</i> (McKinsey, 2009) recognizes that the number of brands evaluated might increase. In fact, brands can enter in almost every phase of the decision journey. In this stage, consumers add or subtract brands as they evaluate their needs and wants by comparing alternatives and searching for information.</p>

Moment of purchase	After the evaluation phase, the consumer selects a brand to purchase. This third stage is the result of an effective evaluation and implies a concrete action. Therefore, it is fundamental to analyze the relation of each segment towards the preferred types of purchase channels
Post-purchase experience	As an ongoing cycle, after the purchase a very important stage for companies to interact with their customers comes – the post-purchase experience, which outlines customer’s opinion for each of the following decisions in the category and inspiring loyalty (McKinsey, 2009). This stage is utter relevant, due to the possibility of empowering the loyalty loop, where customers are more likely to purchase the same brand, instead of considering others, skipping the consideration and evaluation phases in a subsequent purchase (Harvard Business Review, 2015). In that sense, <i>Science4you</i> needs to customize and adjust its strategies for the different segments targeted, enhancing the post-purchase experience.

Source: Authors

Figure 2: Consumer Decision Journey by McKinsey



Source: David Court, Dave Elzinga, Susan Mulder, and Ole Jørgen Vetvik, “The Consumer Decision Journey” 2009

B.2. General Recommendations

Membership Club	Although the brand already provides a <i>Log in/Register</i> area, it does not create a positive and relevant experience. Customers value exclusiveness and the feeling of taking part in a community, taking advantage of unique and personalized offers. This investment in user experience will enhance the CRM strategies, as it allows deeper connections and sharing of data. In that sense, a new and improved area called “MyLab” is suggested. The membership-club type of platform will be available for both adult and child. An initial account logs in is required, with the following data from the adult: name, e-mail, birth year, zip code, and phone number (optional). For the kid, aided by initial caregiver supervision, the possibility to create an “avatar”, including a customized character, username, and age will be available. The general area will be available for every user that creates an account and will allow the features already provided by the <i>Log in/Register</i> area (Purchase history and details, changing personal information and addresses, subscribing newsletters). An exclusive area would be developed, focused on actual customers - individuals that have already purchased at least one <i>Science4you</i> product. In order to access this area, the customers will be asked to validate the purchased product, scanning the bar code available in the toy’s package. The features available for adults consist in: online consultation of <i>Science4you</i> ’s newsletters; order
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	product rechargers for toys bought, user-generated content, as reviews on toys; access exclusive content as “How to teach my son how to play” videos; and personalized assistance on recommended toys. For kids, the recommendation would be to implement the trend of gamification. Create interactive games based on existing “factories” to boost the playing experience and interest; Gain scientific badges, based on competencies developed, as the user introduces more toys bought and challenges overcame.
Automate processes with a proper CRM software	A proper CRM software allows companies to increase productivity, by simplifying the management of external interactions. For <i>Science4you</i> it is fundamental to effectively differentiate lead’s sources and track them to increase the success of segmented strategies. In that sense, it is recommended for <i>Science4you</i> to invest in a proper CRM software that allows for multiple and specific analysis as well as incorporates different strategies for different customer needs.
Learn from analytics	An effective CRM strategy needs to be flexible enough to allow for improvements and adjustments. The extremely dynamic nature of the toys’ industry and the consumer behavior topic create relevant constraints to consider former data and analysis in the long run. In that sense, the high volatility creates the necessity of continuum investment. In that sense, it is crucial that <i>Science4you</i> develops a steady analysis and report monitorization, to ensure the success of future segmentation processes and specific strategies.
Update customer information regularly	The success of a CRM strategy relies on the customer and its data. Nowadays, customer data is getting more and more valuable for companies as a way to create effective communications and wisely manage resources. For that reason, as considering that resources are limited, <i>Science4you</i> must ensure personal data updating, such as emails, locations, and preferences
Data Integration System	The increasing importance of e-commerce creates the need to integrate sales and customer data with other in-store systems to ensure an effective management of information. In that sense, it is recommended that <i>Science4you</i> invests in centralizing information and store different sources data in the same place so that it becomes more easily available.

Source: Authors